

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
Carol C. Lam***

For Further Information, Contact:

Assistant U. S. Attorneys Eric J. Beste (619) 557-5104 or Sanjay Bhandari (619) 557-7042

For Immediate Release

NEWS RELEASE SUMMARY - September 15, 2006

United States Attorney Carol C. Lam today announced the extradition and arraignment of Jeremy R. Crook on fraud charges relating to financial improprieties at Peregrine Systems, Inc., a business software company formerly headquartered in San Diego, California, now part of the Hewlett-Packard Company. Crook, formerly Peregrine's Vice President for Europe and Emerging Markets, was arraigned in federal court in San Diego earlier today on charges of conspiracy, securities fraud, wire fraud, and bank fraud.

According to Assistant U.S. Attorneys Eric J. Beste and Sanjay Bhandari, who are prosecuting the case, Crook was first advised of the charges against him in October 2004 and was offered an opportunity to return to the United States voluntarily to face those charges. Crook declined that offer, and he was subsequently ordered extradited by the United Kingdom in August 2006.

As part of the conditions of Crook's release pending trial, Magistrate Judge Ruben B. Brooks required a cash bond of \$250,000, restricted Crook's travel to the Southern District of California, required GPS

monitoring, and ordered Crook not to have any unsupervised contacts with any current or former Peregrine employees, auditors, or business associates.

According to the indictment, from approximately March 1999 through approximately 2002, Crook and his coconspirators, who worked either within or outside of Peregrine, intentionally disseminated false financial reports to the public, financial institutions, and others, intending to deceive them about Peregrine's true financial performance and condition. Nine defendants, including Crook, are scheduled for trial on April 3, 2007. The other defendants are former Peregrine Chief Executive Officer Stephen Parker Gardner, former Peregrine Executive Vice President for Worldwide Sales Andrew Vincent Cahill, Jr., former Peregrine President and Chief Operating Officer Gary Lee Lenz, former Peregrine Senior Vice President of Alliances Joseph Gerard Reichner, former Peregrine Vice President of Finance and Chief Accountant Berdj Joseph Rassam, former Peregrine Revenue Manager Patrick Jude Towle, former Arthur Andersen LLP audit partner Daniel Francis Stulac, and former Peregrine General Counsel Richard T. Nelson.

To date, eight other defendants have pleaded guilty to felony charges arising out of this conspiracy, including former Peregrine Assistant Treasurer Ilse Cappel, former Peregrine Chief Financial Officer Matthew C. Gless, former Peregrine Vice President of Sales Steven S. Spitzer, former Peregrine Treasurer John B. Benjamin, former Peregrine Director of Alliances Peter James O'Brien, former KPMG Consulting LLC Managing Director Larry Alan Rodda, former Peregrine Executive Vice President for Worldwide Sales Douglas Stephen Powanda, and the former President of Barnhill Management Corporation, Michael Danny Whitt.

United States Attorney Lam said, "All defendants are now in the United States and we can proceed to trial. We appreciate the cooperation of law enforcement authorities in the United Kingdom in effecting this extradition."

The case is the result of an investigation by the Federal Bureau of Investigation, working cooperatively with a separate parallel investigation by the U.S. Securities and Exchange Commission.

DEFENDANT**Case Number: 04cr2605-W**

Jeremy Reeve Crook

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

- Count 1: Conspiracy to Commit Securities Fraud, Wire Fraud, Falsification of Books and Records, and Bank Fraud - Title 18, United States Code, Section 371
Maximum penalty: 5 years' imprisonment, \$250,000 fine
- Count 2: Securities Fraud - Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5
Maximum penalty: 10 years' imprisonment, \$1,000,000 fine
- Counts 3-36: Wire Fraud Affecting a Financial Institution - Title 18, United States Code, Section 1343 and 1346
Maximum penalty: 30 years' imprisonment, \$1,000,000 fine
- Count 37: False Books, Records, and Accounts - Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5) and 78ff; 17 Code of Federal Regulations 240.13b2-1
Maximum penalty: 10 years' imprisonment, \$1,000,000 fine
- Counts 38-45: Bank Fraud - Title 18, United States Code, Section 1344
Maximum penalty: 30 years' imprisonment, \$1,000,000 fine
- Count 46: Not charged against Crook.

INVESTIGATING AGENCIES

Federal Bureau of Investigation
United States Securities and Exchange Commission

An indictment is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.